MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BIB2074 – INTERNATIONAL BUSINESS

(All sections / Groups)

9 MARCH 2018
3.00 PM – 5.00 PM
(2 HOURS)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 4 pages with 5 Questions only.

2. Answering to questions **ONE, TWO** and **THREE** are compulsory, but you have the option to choose answering either question **FOUR** or **FIVE**. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Japanese industry has had remarkable success in competing globally with products that we all recognize. For example, the cameras on which the video clips for MOOC (Massive open online course) are being shot are Japanese. Some of the world's most popular cars are Japanese, such as Toyota and Honda. Not to forget, many of the robots used in the manufacturing facilities all over the world are also made by Japanese companies. Japan has had serious problems with economic stagnation since the 90s. These problems can be traced to structural factors such as the relationship between companies, employment laws or norms, culture and attitudes and regulations that discourage meeting skill shortages by allowing immigration. Such factors are also referred to as institutional factors. They are the norms, rules, or laws that define the way society functions, and the way business is done.

In the late 80s, in reflect of the economic downturn the demand for Japanese products vanished and the companies realized they were stuck with the cost of maintaining under-utilized factories and paying under-utilized workers. They had to cut wages and other costs, where they could, and this circumstances slowed the economy.

Japanese traditions discouraged firing life time workers who accounted for about 25% of the work force. Companies encouraged older staff to retire and held back on hiring new workers. Formation of new companies through entrepreneurship did not provide much relief to the economy.

Economic growth in the post-war period appeared to have benefited from some aspects of Japanese culture such as strong loyalty, and consensus among groups in decision making. In the 90s however, it looked as if these same factors, that were so helpful before, such as group thinking, loyalty to companies within people, and company loyalty to life-time workers, were no longer helping Japan in fighting the economic problems it faced.

Currency: Japanese yen Government led by liberal democratic parties	Japan is a constitutional monarchy. The power of emperor is limited
GDP growth rate: 1.0% annual change (2016)	Life Expectancy: 84.4 Years Women ratio in Workforce: 61%
Average unemployment rate 3.1 %	Old Population 26.6% of population are 65 years and older
Industrial Production Growth -0.2 %	Official Language Japanese
Public Debt (as a % of GDP): 222%	Main Religions : Shinto, Buddhism, and Christianity
Exchange rate Avg. (Ten/US$): 109	Population Growth(Annual %) -0.1
Consumer Price Inflation Avg.: -0.1%	Geographic Location: East Asia
Japan's Neighbours: South Korea, North Korea, China, and Russia	

Source: The World Bank Indicators, https//data.worldbank.org/

Continued...

a) Based on the paragraphs, describe Japanese international business situation and Japanese challenges in the global market? (10 Marks)

b) Given the scenario do you think Japanese are more toward collectivism system or individualism system? Please elaborate your answer (10 Marks)

c) What are the implications of technological change (in terms of communication and transportation) for the globalization of Japanese product market place?

(5 Marks)

(TOTAL: 25 Marks)

QUESTION 2

In 2016, the ringgit was affected by market uncertainties and shifts in portfolio flows, causing the local currency's depreciation by 4.3% to end the year at RM 4.486 against the US dollar. *StarBiz* had reported in January 2017 that Bank Negara governor Datuk Muhammad Ibrahim said the full impact of the measures implemented by the central bank was expected to be seen in mid-2017. "However, these new measures are not capital control or the fixing of the ringgit, but to stabilise it and ensure liquidity in the market,"
Source: https://www.thestar.com.my/business/business-news/2017/03/28/ringgit-rises-against-us-dollar/#bh4Gil2ZaPdjOYZc.99

a) Explain **TWO (2)** advantages and **TWO (2)** disadvantages of the exchange rate devaluation for Malaysian international businesses?

(10 Marks)

b) What are the possible **FIVE (5)** strategies that can be implemented by Malaysian firms to manage foreign exchange risk?

(15 Marks)

(TOTAL: 25 Marks)

Continued...

QUESTION 3

TESCO, the supermarket chain, is taking its hypermarkets to Malaysia through a £215m with Malaysian property conglomerate Sime Darby Berhard. The two companies are planning to build 15 hypermarkets around the country, with the first store scheduled to open in 2002, if market conditions remain favourable. Tesco will own 70 public company of the new company, to be called Tesco Stores (Malaysia). At present, France's Carrefour is the only other major European supermarket in Malaysia. A Tesco spokesman said: "We want to combine the global brand with local produce and local management. We have a successful model for expansion in Asia, based on finding strong local partners and we want to build on that."

Source: http://www.telegraph.co.uk/finance/4475617/Tesco-hypermarkets-in.html

a) In the above case, entering to foreign market is a great challenge what is Tesco's strategy to grow and expand in foreign markets?

(10 Marks)

a) What are the **THREE (3)** points that makes this strategy attractive for Tesco in order to enter a new foreign market?

(15 Marks)
(TOTAL: 25 Marks)

QUESTION 4

Impacts from financial crisis in year 2008 forced the group companies to exercise cost-cutting measures in their global operations, and localization is the only way to save costs and to maximize the utilization of local expertise and responsiveness to meet global competition. Japanese firms such as Panasonic, Sony and Hitachi utilized specific staffing approach for managing subsidiaries in Thailand, Vietnam and India. This staffing approach was due to lack of competency of host country nationals and the needs for corporate communication. In result key management positions were filled by parent-country nationals

a) What staffing policy has been implemented by Japanese firms? (8 Marks)

In Mastec's organization, the establishment of subsidiaries in Indonesia and Malaysia was under joint venture alliance. In order to maintain a reasonable level of control and to provide managerial and engineering support, virtual assignments system was implemented with frequent business trips to visit the subsidiary company by the respective manager. As a result, host country nationals can manage local subsidiaries and parent country nationals hold positions at headquarters.

b) What staffing policy has been implemented by Mastec's organization?

(8 Marks)

Continued...

Mercedes Benz, sources raw materials around the world from the lowest-cost perspective and assembles their cars in Germany where the best technology is located. In this method Mercedes Benz as a multinational firm is able to develop a pool of global executive for deployment throughout the global organization.

c) What staffing policy has been implemented by Mercedes Benz?
(8 Marks)

d) In the above scenarios, which staffing policy is the most attractive policy among multinational companies? (1 Mark)

(TOTAL: 25 Marks)

QUESTION 5

Toyota a car manufacturer in Japan that operates with very low inventory levels, relying on its supply chain to deliver the parts it needs to build cars. The parts needed to manufacture the cars do not arrive before or after they are needed; instead, they arrive just as they are needed. Toyota uses this inventory controls as part of its business model. Toyota sends off orders for parts only when it receives new orders from customers. The company started this method in the 1970s, and it took more than 15 years to perfect. Several elements of this inventory method manufacturing need to occur for Toyota to succeed. The company must have steady production, high-quality workmanship, no machine breakdowns at the plant, reliable suppliers and quick ways to assemble machines that put together vehicles.

Toyota's inventory concept almost came to a crashing halt in February 1997. A fire at a brake parts plant owned by Aisin decimated its capacity to produce a P-valve for Toyota vehicles. The company was the sole supplier of the part, and the fact that the plant was shut down for weeks could have devastated Toyota's supply line. The auto manufacturer ran out of P-valve parts after just one day. Production lines shut down for just two days until a supplier of Aisin was able to start manufacturing the necessary valves. Other suppliers for Toyota also had to shut down because the auto manufacturer didn't need other parts to complete any cars on the assembly line. The fire cost Toyota nearly $15 billion in revenue and 70,000 cars due to its two-day shutdown, but it could have been much worse.
Source: https://www.investopedia.com/terms/j/jit.asp#ixzz51atJm8MZ

a) What kind of strategy for inventory is being implemented in Toyota?
(12 marks)

b) Explain at least **ONE (1)** advantage and **ONE (1)** disadvantage of the mentioned inventory system (13 marks)

(TOTAL: 25 marks)

End of Paper